PUBLIC NOTICE

San Diego Metropolitan Transit System

NOTICE IS HEREBY GIVEN, that the San Diego Metropolitan Transit System (hereinafter referred to as MTS), has established a Proposed Overall Disadvantaged Business Enterprise (DBE) Goal of 4.1%**,** for Federal Fiscal Years 2013-15. The DBE Goal is applicable to DOT-(FTA) assisted contracting opportunities scheduled to be awarded during the period of October 1, 2012 through September 30, 2015. MTS's Proposed Overall DBE Goal and its rationale (developed in response to U.S. Department of Transportation's Disadvantaged Business Enterprise Program Regulations published under Title 49 CFR Part 26) are available for inspection for thirty (30) days following the date of this Notice, from 8:30 a.m. to 4:00 p.m., Pacific Standard Time, Monday through Friday at MTS located at:

San Diego Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101
Attn: Karen Landers, General Counsel
Phone: (619) 557-4512

Comments will be accepted on the Goal for forty-five (45) days from the date of this Notice. Comments can be forwarded to Ms. Karen Landers at MTS, at the above stated address, or to Mr. Derrin Jourdan, Civil Rights Officer, U.S. Department of Transportation, Federal Transit Administration, 201 Mission Street, Suite 2210, San Francisco, CA, 94105.

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

Federal Transit Administration (FTA) Overall DBE Goal-Setting Methodology

for

FFY 2013-FFY 2015

Goal Period

Submitted in fulfillment of:

Title 49 Code of Federal Regulations Part 26

This analysis is prepared exclusively for MTS; it is non-transferable and is not to be duplicated.

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DBE GOAL METHODOLOGY

I. INTRODUCTION

The San Diego Metropolitan Transit System (MTS) herein sets forth its Overall Disadvantaged Business Enterprise (DBE) Goal and corresponding federally prescribed goal-setting methodology for the three-year Federal Fiscal Year (FFY) goal period of 2013-2015 (October 1, 2012 through September 30, 2015), pursuant to Title 49 Code of Federal Regulations (CFR) Part 26 "Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation Programs." The purpose of the DBE goal-setting process is to level the playing field so that DBEs can compete fairly for Department of Transportation-assisted contracts, however, the program must be narrowly tailored in accordance with applicable law.

II. BACKGROUND

MTS is a recipient of U.S. Department of Transportation (USDOT), Federal Transit Administration (FTA), funding. As a condition of receiving this assistance, MTS signed an assurance that it will comply with FTA's DBE requirements. In accordance with Title 49 CFR Part 26 provisions: Participation by DBEs in USDOT Programs, MTS is required to develop and submit a Triennial Overall DBE Goal for its FTA-assisted projects.

MTS herein presents its Overall DBE Goal Methodology for FFY 2013-15.

III. FTA-ASSISTED CONTRACTING PROGRAM FOR FFY 2013-2015

Table 1 represents MTS's FTA-assisted contracting program, which consists of projects considered in preparing this goal methodology. The projects, which include Construction, Professional Services and Materials/Supplies contracting opportunities, are anticipated to be awarded during the triennial period:

Table 1

PROJECT NAME/DESCRIPTION	TOTAL ESTIMATED PROJECT COST
ADA and Rural RCS Radio Replacement	$320,000.00
ADA Para-transit Services	$106,007,025.00
Armored Transport Services	$502,540.41
ATT CALNETII Telecommunications	$890,760.00
Bridge Inspection Services	$79,768.00
BRT Station Maintenance	$108,420.00
Building A Air-condition and Heater Replacement	$140,000.00
Building A Rollup Door Replacements	$50,000.00
C Street Traffic Signals	$292,000.00
CCI Handheld Units	$457,526.00

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Clarifier Waste Transportation & Recycling	$231,430.64
Clean Inter Bus KMDIAD	$1,105,169.00
Copier Lease Program for 12 Copy	$175,000.00
Cummins CNG Engine In-Frame Overhauls	$3,145,591.29
Elevator and Escalator Maintenance	$178,892.00
Elevator and Escalator Modifications	$250,000.00
Elevator Maintenance and Repair	$47,160.20
Facilities Station Cleaning Equipment Replacement	$150,000.00
Fashion Valley Transit Center Driver Restroom	$43,924.10
Fire Alarm Monitoring	$99,990.00
Fire Alarm System Testing and Maintenance	$26,400.00
Fire Extinguisher Services	$44,673.95
Fixed Route Bus Services	$234,551,353.00
Grant Consulting Services	$25,000.00
GTO Firing Boards for SD-100 LRV	$346,125.33
Hazardous Material Disposal Services	$258,449.50
HVAC Preventative Maintenance	$89,222.00
iLON Fire Safety System Upgrade and Recert.	$157,197.00
iLON Replacement	$80,000.00
Janitorial Services	$3,520,497.92
Landscaping Maintenance- RB	$21,220.62
Light Rail Vehicle Electronic Components	$360,000.00
LRV Brake Overhaul	$4,300,000.00
LRV Paint and Body Rehab	$1,920,000.00
LRV Tire Kits	$2,459,403.00
LRV Tire Kits for U2s SD100s and S70s	$1,372,390.20
MTS (IAD) Server Room HVAC Improvements	$60,000.00
MTS Bus Operator Uniforms	$710,079.01
MVE / Orange Line Signal Print Verification & Revisions	$500,000.00
Network Infrastructure	$510,000.00
New IT System	$3,025,000.00
New Wheel Truing Machine - construction	$650,000.00
On-Call Engineering Services	$500,000.00
On-Call Engineering Services	$750,000.00
Para-transit Certification Service	$929,098.62
Plumbing Services SDTI	$81,351.00
Radio Communication Support Services	$293,916.00
Rail Grinding	$675,000.00
Rail Grinding Services	$1,625,197.00
Rail Noise Suppression Lubricant	$716,053.50
Rail Road Ties	$194,400.27
Rail Testing Blue/Orange/Green Lines	$93,356.67
Rebuilt Allison Transmissions	$2,331,854.38
Roof replacement on Builds B and C	$200,000.00
Regional Transit Management System	$1,260,887.52
RTMS Consultant Services	$197,866.00
RTMS South Bay and East County Divisions	$2,900,000.00
S70 Passenger Window Retrofit	$660,000.00
SD100 Operator Seats Replacement	$325,000.00
SD100 Traction Motor overhaul	$5,200,000.00
SDTC Towing Services	$122,435.00

Third Party Admin for Workers' Comp	$1,726,914.00
Track Tamping Machine Upgrade	$30,000.00
TransitWatch re-write	$75,000.00
Trauma Scene Clean-up Services	$30,000.00
TVM and DCU Software	$634,775.00
Weed Abatement Services	$210,575.00
TOTAL	**$391,025,888.13**

Table 2 provides a summary of the categories of work with estimated cost breakdown for each. Categories of work are groups utilizing comparable North American Industry Classification System (NAICS) codes for purposes of weighting the categories of work based on the engineer's estimates.

Table 2:

CATEGORY OF WORK	NAICS CODES	ESTIMATED $ BY NAICS	ESTIMATED % BY NAICS
Roofing Contractors	238160	200,000.00	0.05%
Electrical Contractors and Other Wiring Installation Contractors	238210	292,000.00	0.07%
Plumbing, Heating, and Air-Conditioning Contractors	238220	370,573.00	0.09%
Other Building Equipment Contractors	238290	526,052.20	0.13%
Other Commercial and Service Industry Machinery Manufacturing	333318	150,000.00	0.04%
Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	423430	457,526.00	0.12%
Other Electronic Parts and Equipment Merchant Wholesalers	423690	3,220,000.00	0.82%
Other Miscellaneous Durable Goods Merchant Wholesalers	423990	201,870.95	0.05%
Special Needs Transportation	485991	106,007,025.00	27.11%
All Other Transit and Ground Passenger Transportation	485999	234,551,353.00	59.98%
Support Activities for Rail Transportation	488210	20,926,925.97	5.35%
Motor Vehicle Towing	488410	122,435.00	0.03%
Wired Telecommunications Carriers	517110	890,760.00	0.23%
Office Machinery and Equipment Rental and Leasing	532420	175,000.00	0.04%
Engineering Services	541330	1,447,866.00	0.37%
Custom Computer Programming Services	541511	5,075,662.52	1.30%
Computer Systems Design Services	541512	510,000.00	0.13%
Administrative Management and General Management Consulting Services	541611	954,098.62	0.24%
Human Resources Consulting Services	541612	1,726,914.00	0.44%
Security Systems Services (except Locksmiths)	561621	126,390.00	0.03%
Other Scientific and Technical Consulting Services	541690	793,916.00	0.20%
All Other Professional, Scientific, and Technical Services	541990	79,768.00	0.02%
Armored Car Services	561613	502,540.41	0.13%
Janitorial Services	561720	3,564,422.02	0.91%
Landscaping Services	561730	231,795.62	0.06%
Other Services to Buildings and Dwellings	561790	108,420.00	0.03%

All Other Support Services	561990	30,000.00	0.01%
Solid Waste Collection	562111	231,430.64	0.06%
Hazardous Waste Treatment and Disposal	562211	258,449.50	0.07%
Automotive Transmission Repair	811113	5,477,445.67	1.40%
Car Washes	811192	1,105,169.00	0.28%
Linen Supply	812331	710,079.01	0.18%
TOTAL		**391,025,888.13**	**100.00%**

IV. GOAL METHODOLOGY

Step 1: Determination of a Base Figure (26.45)[1]

To establish MTS's Base Figure of the relative availability of DBEs to all comparable firms (DBE and Non-DBE) available to bid or propose on MTS's FTA-assisted contracting opportunities projected to be solicited during the triennial goal period, MTS followed the prescribed federal methodology to determine relative availability. This was accomplished by assessing the *California Unified Certification Program (CUCP) DBE Database of Certified Firms* and the 2010 *U.S. Census Bureau County Business Patterns Database* within MTS's market area (defined as San Diego County) for each of the categories of work defined in Table 2.

MTS's local market area consists of the geographic area where a substantial majority of contracting dollars are expended and/or where the substantial majority of contractor and subcontractor bids or quotes are located.

In accordance with the formula below, the Base Figure is derived by dividing the number of ready, willing and able DBE firms identified for each work category by the number of all firms identified for each corresponding work category (relative availability), weighting the relative availability for each work category by the corresponding work category weight from Table 2 (weighted ratio), and adding the weighted ratio figures together.

$$\text{Base Figure} = \sum \frac{(\text{Number of Ready, Willing and Able DBEs})}{\text{Number of All Ready, Willing and Able Firms}} \times weight \times 100$$

- ⇨ For the numerator: CUCP DBE Database of Certified Firms
- ⇨ For the denominator: 2010 U.S. Census Bureau's Business Patterns Database

A concerted effort was made to ensure that the scope of businesses included in the numerator was as close as possible to the scope included in the denominator.

The result of the Base Figure calculation is 2.8%, as shown in Table 3 as follows:

[1] 26.45 represents Title 49 CFR Part 26 regulatory goal setting methodology reference.

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Table 3

CATEGORY OF WORK	DBES	ALL FIRMS	CATEGORY WEIGHT	WEIGHTED RATIO
Roofing Contractors	1	168	0.05%	0.00%
Electrical Contractors and Other Wiring Installation Contractors	19	663	0.07%	0.00%
Plumbing, Heating, and Air-Conditioning Contractors	14	748	0.09%	0.00%
Other Building Equipment Contractors	2	46	0.13%	0.01%
Other Commercial and Service Industry Machinery Manufacturing	0	0	0.04%	0.00%
Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	1	124	0.12%	0.00%
Other Electronic Parts and Equipment Merchant Wholesalers	0	263	0.82%	0.00%
Other Miscellaneous Durable Goods Merchant Wholesalers	4	130	0.05%	0.00%
Special Needs Transportation	0	14	27.11%	0.00%
All Other Transit and Ground Passenger Transportation	1	22	59.98%	2.73%
Support Activities for Rail Transportation	0	2	5.35%	0.00%
Motor Vehicle Towing	1	93	0.03%	0.00%
Wired Telecommunications Carriers	1	236	0.23%	0.00%
Office Machinery and Equipment Rental and Leasing	0	13	0.04%	0.00%
Engineering Services	37	997	0.37%	0.01%
Custom Computer Programming Services	8	983	1.30%	0.01%
Computer Systems Design Services	6	740	0.13%	0.00%
Administrative Management and General Management Consulting Services	23	734	0.24%	0.01%
Human Resources Consulting Services	2	122	0.44%	0.01%
Security Systems Services (except Locksmiths)	19	962	0.03%	0.00%
Other Scientific and Technical Consulting Services	6	260	0.20%	0.00%
All Other Professional, Scientific, and Technical Services	0	8	0.02%	0.00%
Armored Car Services	0	48	0.13%	0.00%
Janitorial Services	10	460	0.91%	0.02%
Landscaping Services	9	843	0.06%	0.00%
Other Services to Buildings and Dwellings	1	162	0.03%	0.00%
All Other Support Services	4	136	0.01%	0.00%
Solid Waste Collection	0	46	0.06%	0.00%
Hazardous Waste Treatment and Disposal	1	16	0.07%	0.00%
Automotive Transmission Repair	0	50	1.40%	0.00%
Car Washes	0	162	0.28%	0.00%
Linen Supply	0	7	0.18%	0.00%
BASE FIGURE				
Base Figure (i.e., Sum of Weighted Ratios for all Work Categories)				**2.8%**

Step 2: Adjusting the Base Figure

Upon establishing the Base Figure, MTS reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within the market area, in accordance with prescribed narrow tailoring provisions set forth under 49 CFR Part 26.45: Step 2; DBE Goal Adjustment guidelines.

Evidence considered in making an adjustment to the Base Figure included Past DBE Goal Attainments and Other Evidence, as follows:

A. Past DBE Goal Attainments

As historical DBE participation attainments provide demonstrable evidence of DBE availability and capacity to perform, MTS proceeded to calculate past DBE participation attainments for the three (3) federal fiscal years, for which DBE attainment data is available. The table below reflects the demonstrated capacity of DBEs (measured by actual historical DBE participation attainments) on FTA-assisted contracts awarded by MTS within the last three (3) federal fiscal years.

Table 4

FEDERAL FISCAL YEAR (FFY)	FTA DBE GOAL ATTAINMENT %
2009/10	0.1%
2010/11	15.5%[2]
2011/12*	0.9%[3]
Average DBE Attainment Within the Last Three (3) Years	**5.5%**

* through 3/31/12

The average established for the past three years is higher than the Base Figure derived from Step 1; therefore, an adjustment to the Base Figure based on MTS's past DBE goal attainments has been made. The adjustment is calculated by averaging the Base Figure with the Average DBE Past Attainment, as shown below.

$$\text{Adjusted Base Figure} = \frac{\text{Base Figure } (2.8\%) + \text{Median DBE Attainment } (5.5\%)}{2}$$

The formula resulted in a proposed adjustment (upward) to the Base Figure from 2.8% to 4.1%.

B. MTS Bidder's List

MTS will begin to capture Bidders List information on future procurements for the potential use in future DBE goal determinations.

[2] In FFY 10/11, a major janitorial contractor who successfully bid on MTS contracts became DBE-certified, accounting for $3.5 million in DBE participation for MTS. This experience has been factored into MTS's DBE outreach efforts.

[3] DBE attainment for the first half of FFY 11/12 is 8.4% when a $137 million multi-year contract for bus operations is excluded from the calculation. Award of large operations contracts of this nature dilutes the DBE participation for the reporting period. Notwithstanding the low percentage rate, MTS awarded $1,460,173.40 in contract dollars to three DBE contractors during this period, one of its highest DBE commitments, in dollars, in the previous five years.

C. Disparity Study

In 2008, MTS and the San Diego Association of Governments (SANDAG) participated in a disparity study which included the Los Angeles Metropolitan Transportation Authority (Metro), the Orange County Transportation Authority (OCTA), and the Southern California Regional Rail Authority (Metrolink). The study was named the Southern California Regional Disparity Study.

The Study was conducted to assist MTS in making decisions concerning compliance with its FTA DBE Program. Although the study recommended that MTS consider a base figure that included MBE and SBE firms, MTS believes that the Study's determination of available certified DBE firms is appropriate for comparison with MTS past DBE participation. The Study found that counting certified DBE firms produces a base figure of 4.5%.

The Study also concluded that certified DBEs received 5 percent of the FTA-funded contract award dollars when the MTS DBE Program was race-neutral.

The Disparity Study finding that DBE availability is 4.5% is comparable to the base figure amount of 4.1% and does not necessitate an adjustment to the base figure.

D. Other Available Evidence

MTS is not in possession of other information that would have an impact on the DBE goal assessment.

V. PROPOSED OVERALL DBE GOAL

The Final Proposed Overall DBE Goal for FFY 2013-2015 for MTS's FTA-assisted contracts is 4.1%. As a part of the prescribed goal-setting methodology, MTS must project the percentage of its Proposed Overall DBE Goal that can be met utilizing race-neutral and race-conscious measures.

Race-Conscious & Race-Neutral Projection

The MTS DBE goal attainment data, which equals an 8% mean for the past three years, demonstrates that MTS is able to meet the DBE goal through race neutral means. MTS intends to continue to use race-neutral methods to meet the overall DBE goal of 4.1% for FFY 2013-2015 in accordance with Title 49 CFR Part 26.51.

RACE-CONSCIOUS & RACE-NEUTRAL PROJECTIONS	
DBE Adjusted Base Figure	**4.1%**
Race-Conscious Component	**0.0%**
Race-Neutral Component	**4.1%**

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VI. RACE-NEUTRAL IMPLEMENTATION MEASURES

MTS is currently implementing a number of race- and gender-neutral remedies to outreach and promote the participation of DBEs and small businesses in MTS's FTA-assisted contracting program. MTS plans to continue or implement the following race-neutral measures for FFY 2013-2015 and will continue to explore other options for consideration based on MTS's success in meeting its overall DBE goals based on these efforts:

- MTS will arrange solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE and other small business participation. MTS will also hold conferences, which include a networking component to promote teaming opportunities between prospective prime contractors and the DBE and Small Business contracting community.
- Providing assistance in overcoming limitations such as inability to obtain bonding or financing (e.g., by such means as simplifying the bonding process, reducing bonding requirements, eliminating the impact of surety costs from bids, and providing services to help DBEs, and other small businesses, obtain bonding and financing). Specifically, MTS will, through its website, refer the DBE and Small Business contracting community to the SBA Bonding Assistance Program.
- MTS will solicit DBEs and other small businesses participation by carrying out information and communication programs on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs, and other small businesses, on recipient mailing lists of bidders; ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors; provision of information in languages other than English, where appropriate).
- As a supportive service to help develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs and other small businesses, MTS will actively promote the Small Business conferences, programs, and support services offered by other agencies that have established DBE and Small Business Programs.
- MTS will advise its contracting community of the online directory of certified DBEs, found at the California Unified Certification Program website: www.CaliforniaUCP.com. MTS will also advise the contracting community of the available small businesses certified by the California Department of General Services (DGS) and found at the following url: www.bidsync.com/DPXBisCASB.
- MTS will advise the DBE and small business community to participate and attend Caltrans' sponsored free courses specifically offered through the CCCP, specifically the "Navigating the Caltrans Procurement Website" course to assess bid opportunities as this course includes tips on accessing local agencies websites as well.
- MTS will provide outreach to current MTS contractors or past MTS contractors who may qualify for DBE-certification by encouraging them to seek and obtain DBE-certification.
- MTS will monitor prime contractors' use of subcontractors to identify potential payments to DBE subcontractors that have not previously been captured in MTS DBE reporting.

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Fostering Small Business Participation[4]

MTS has implemented several strategies to foster small business participation in its contracting process. These include the following:

- In multi-year design-build contracts or other large contracts (e.g., for "megaprojects") requiring bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform.
- On larger prime contracts requiring the prime contractor to consider subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.
- Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts.
- Ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform.
- Provide outreach to current MTS contractors or past MTS contractors who may qualify for DBE-certification by encouraging them to seek and obtain DBE-certification.

VII. PUBLIC PARTICIPATION AND FACILITATION

In accordance with Public Participation Regulatory Requirements of Title 49 CFR Part 26, minority, women, local business associations, and community organizations within the market area will be consulted and provided an opportunity to review the triennial goal analysis and provide input.

MTS plans to issue a Public Notice in general circulation media and minority focused media publishing the Draft Proposed FTA Overall DBE Goal-Setting Methodology for FFY 2013-FFY 2015. The notice would inform the public that the proposed goal and rationale are available for inspection at MTS's principal office during normal business hours for 45 days following the date of the Public Notice, and that MTS would accept comments on the goal analysis for 45 days from the date of the Public Notice. MTS will give full consideration to all comments and input received as a part of this process and will assess its impact on the goal-setting methodology.

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[4] See Title 49 CFR Part 26 Section 26.39 "Fostering Small Business Participation."